



**San Diego County Employees  
Retirement Association**

Press  
Release

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For immediate release  
September 7, 2006  
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## **Exceptional Investment Performance Again at the County Retirement System**

SAN DIEGO COUNTY--The San Diego County Employees Retirement Association (SDCERA) reports a 15.6% investment return for the fiscal year ended June 30th. According to the latest figures from Wilshire Associates' Trust Universe Comparison Service (TUCS), SDCERA ranks in the top percentile of the public pension plan universe for the third consecutive year.

Performance for the fiscal year exceeded the 8.25% annual target required by fund officials to fund benefits and was well ahead of the 10.7% return posted by the median (TUCS) public plan sponsor. Over the past 10 years SDCERA has generated an average annual return of 10.5%.

"Investment performance is a key factor to the health of the pension fund," explains Brian White, SDCERA's Chief Executive Officer, "Positive performance above the assumed rate of return allows the fund to accelerate the pay down of its unfunded liabilities."

"Performance for the year was largely driven by international equities and continued success by the fund's alternative strategies," says David Deutsch, SDCERA's Chief Investment Officer. International equities returned 33.1%, alternative equities returned 23.6%, and the fund's domestic equity portfolio earned 16.9% relative to the 9.6% return of the Russell 3000 Index and 8.6% for the S&P 500 Index.

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SDCERA's domestic equity portfolio utilizes a portable alpha structure across its entire large capitalization allocation. The portfolio is comprised of an internally managed beta overlay coupled with a portfolio of absolute return strategies that are selected and managed by SDCERA investment staff. The fund has utilized this approach since 1999 when it brought its enhanced S&P 500 Index portfolio under in-house management. Given the success of the strategy, the fund terminated its remaining active large cap managers in May, 2005, and expanded the structure across the entire large cap segment.

At the end of the fiscal year, the \$7.3 billion fund had 25.7% of the portfolio allocated to domestic equities, 27.0% to international equities, 30.2% to fixed income, 5.8% to real estate, 4.7% to commodities and 6.6% to alternative investments.

"TUCS is one of the most widely accepted comparisons for measuring the performance of institutional assets and our top percentile ranking in this comparison of investment performance confirms that we're on the right track," said David Myers, Chairman of the SDCERA Board of Retirement. "The Board values and recognizes the importance of this public confirmation."

SDCERA is an independent association established by the County Employees Retirement law of 1937, which governs 20 California county retirement systems. SDCERA provides retirement benefits for approximately 33,000 eligible employees, former employees who are vested and retirees of the County of San Diego.

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